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MINING AND SUSTAINABLE DEVELOPMENT IN THE AMERICAS: OPTIONS FOR CANADA

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This paper is based on meetings, workshops, questionnaires and individual discussions held in Canada and Latin America between July 1997 and March, 1998. 1 It attempts to highlight the tone of the debate rather than the specific content of the arguments regarding the sustainability of mining. While the report is subjective and represents the author's personal assessment of the situation and trends, it has benefited from discussions at the three roundtables and the input of a number of key stakeholders.[2]

The overriding concern which motivated this exploration originally was a growing recognition of the increasing polarization of views between non-government groups, communities, indigenous peoples, mining companies and governments, at the local, national and international levels. This polarization is occurring in the context of a rapid expansion of mining activity and the emergence of a stronger civil society in the Americas in the period since 1994 when several Latin American countries opened up their economies to foreign exploration and investment. The attached chart shows how exploration activity has grown in Latin America and elsewhere since 1990. Canadian companies have played a major role in this. In 1996, Canadian company involvement accounted for over 35% of large company exploration expenditures in the region. During this same period, Non Government Organizations (NGOs) in Canada and Latin America have become better equipped to raise social and environmental concerns.

These NGOs may be divided into three groups:

- those opposed to mining (such as Project Underground, the Rainforest Action Network

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1 Several meetings were particularly relevant in compiling this overview. The first was a meeting held in Chile last July in preparation for the Mines Ministers meeting in Peru. The second was an NGO workshop on mining and sustainable development which was part of the Sustainability Issues Forum held during the Peoples Summit at APEC in Vancouver in November. It was organized by the Environmental Mining Council of BC, Co-development Canada and the South Pacific Peoples Foundation, and involved 36 representatives from Canada, the USA, the Philippines, Mexico, Australia, Vanuatu, Papua New Guinea and Indonesia. Private sector and government representatives were excluded from this workshop.

A meeting on December 15, was called by IISD and IDRC and hosted by the Centre for Foreign Policy Development. 48 participants attended (out of 58 invitees), including all sectors, the World Bank and IDRC's office in Uruguay. The purpose of the meeting was twofold: 1) to share information about developments and issues related to mining; and 2) to give feedback to IDRC regarding their Mining Policy Research Initiative - a one million dollar per year fund over three years - devoted to research on mining in Latin America and the Caribbean. Participants also completed a questionnaire identifying their top three concerns and the top three issues related to foreign policy in this area.[1] Following this meeting the author prepared a
draft paper which was circulated and discussed in three subsequent roundtable meetings, held in Vancouver, Ottawa and Toronto.

Finally, the author participated in a short course given by the Prospectors and Developers Association on Community Relations in Developing Countries, which highlighted issues related to the exploration phase of mining.

[2] In particular thanks are extended to IDRC (David Brooks and Réal Lavergne), Friends of the Earth Canada (Rob Karr), the Environmental Mining Council of BC (Alan Young), the Mining Association of Canada (George Miller), NR Canada (Bethany Armstrong and Wanda Hoskin), York University (Ed Dosman and Kathleen Anderson), Orvana Minerals Corp. (Ian Thomson) and Placer Dome (Jim Cooney).

and Friends of the Earth Costa Rica)

- those who are involved in the mining issue because of other agendas (such as the Task Force on the Church and Corporate Responsibility, the Unions, and Amnesty International)
- those who "support" mining under circumstances where it is socially, economically and environmentally sustainable (such as the Environmental Mining Council of BC, ICME, Friends of the Earth Canada and IISD). Even those NGOs which support mining want considerable improvement to take place.

While each particular situation varies, the polarization is frequently occurring between companies, communities and governments on the one hand and national or international NGOs on the other.

These developments must also be viewed within the historical and cultural context of the individual countries of Latin America. As Susan Joyce argues in "Looking Below the Surface: The Socio-Political Reality of Mineral Exploration in Latin America", Canadian companies cannot assume that regulatory frameworks introduced as part of the trade and market liberalization in the region, provide the same operating mileau as in Canada. Nor can they assume that working within national standards is enough. Communities and international NGOs are on a fast track to affect socio-economic and justice issues and often collide with governments which are changing at a much slower pace and are often perceived as lacking in credibility. Further each country and sub-region has its own unique history, ecology and culture, so what works in Chile may not apply to Venezuela.

There is no doubt that globalization is having an impact on these issues. No longer are individual companies and governments able to sign an agreement and ignore the local community or NGOs. International NGOs themselves have become transnational operators and as Shell-Peru and Placer Dome have recognized, the actions of these international groups can have an impact at the national and local levels. This is compounded by the fact that in some countries and among some NGOs, there is a general distrust and hostility toward foreign ownership.

Another aspect of the current situation is the difference between two sides of the industry - the "junior" exploration companies and the "senior" mining companies and within these groups, the gap between the progressive and the not-so-progressive companies. The junior companies are mobile, deal with high risk and uncertainty and are highly focused on discovery and exploration. Managing the expectations of the local community is a key problem faced from the moment the exploration group arrives on site. Communication is often selective - with information given to shareholders long before it is given to the communities involved. While technically sophisticated and usually familiar with environmental impacts, many of the juniors do not have sufficient background, awareness or internal capacity to deal with social and cultural issues. Among both the juniors and the seniors there is a small number of "progressive" companies who are leading the move toward greater environmental and social responsibility. Some are still at the policy and theory stage; others are implementing sustainable development concepts. Within the industry associations training programs are now being held on these issues. Recognizing the "bad actor factor," the progressives are attempting to pull along the rest of the companies. This will not be

a small challenge. For every progressive company, large or small, there are probably ten juniors exploring in a given country, whose numbers and actions can swamp any progress made by others.

In addition to workshops and training programs, the industry associations are contributing to technological research on crucial problems such as Acid Mine Drainage and are promoting various environmental policies and voluntary codes of conduct. Where Canada once had the lead, the Australian industry has now moved ahead with a code of conduct which includes reporting and auditing requirements. The Australian NGOs are also leading the field and have recently developed an excellent set of "Principles for the Conduct of Company Operations within the Minerals Industry".

At the university level in Canada a proposal is being developed for a Canadian Network for Sustainable Mining Systems within the Centres of Excellence program. The detailed proposal must be submitted by May. The initiative has three themes; mining systems, environmental research, and socio-economic research. As the result of the Vancouver roundtable meeting, IDRC is now working with the proponents to incorporate IDRC's Mining Policy Research Initiative within the proposed Centre of Excellence. The Community College system in Canada has been actively involved in training and education programs on mining in Latin America, often with CIDA funding.

Government and international agencies are also active. In particular, the Mines Ministers of the Americas have now met for the second time. Their meeting in September focused on mining and sustainable development. Canada presented its Sustainable Development Policy and emphasized the Safe Use of Minerals and Metals. Both concepts were generally well received. The Canadian delegation included representation from civil society (an innovation in this sector).

The World Bank has recently published a strategy for mining in LA which identifies and emphasizes issues related to mining and the environment, noting that there is a significant difference between countries with a long mining tradition and those without one. It points out that the expansion and development of mining activity is fast outstripping the ability of governments to respond, particularly in the environmental and social areas. The Bank emphasizes the need for improving the mining infrastructure and also building the capacity for environmental assessment, regulation and monitoring.

Mining and minerals were included as a topic at the Bolivia Summit on Sustainable Development. ECLAC has also focused on mining recently, and the Secretary General of the OAS will include a brief reference to mining in his report at the Santiago Summit.

From a Canadian Government perspective, CIDA has invested in many projects on mining in LA.[3] With CIDA support, NRCan will continue to actively promote the Safe Use of Minerals and Metals and their Sustainable Development Policy through a series of workshops in Latin

[3] A list of current CIDA initiatives is available.

America. The Safe Use concept does not have the full support of NGOs who fear, among other things, that it may override the precautionary principle and increase risk. Dialogue on the concept and its implementation is needed to avoid undermining the government initiative on this, at home and abroad. At the provincial level, Ontario, Quebec and BC are actively involved with training and capacity building programs with Latin American countries.

Another important trend is the development of regulations and policy related to mining, environment, and human rights. The Canadian Environmental Law Association, and the Canadian Institute for Environmental Law and Policy are contributing to new codes and attempts to build common (high) standards. Canadian NGOs, such as Save the Children and Co-development, are also active in working with partners in Latin America, usually at the community level. Unions, such as the Steelworkers are involved in exchange programs with their counterparts in the South.

Implications for Canada

Given that there is a great deal of activity related to mining and sustainable development issues, what are the implications for Canada?

First, there seems to be a consensus that the situation is at a critical stage, and is escalating. At the December meeting, participants were asked whether this was an important issue which could, nonetheless, be handled within normal channels. The answer was "no". Participants pointed out that incidents of violence are already occurring (12 deaths of campesinos and one army officer in the "Christmas Massacre" in Bolivia and 2 assassinations of company executives in Nicaragua in the past year). Some expect Canadians to soon face protests of the sort which have plagued American companies ("Canadians Go Home"). Canada's image as progressive on the human rights and environmental front is eroded by the perceived complicity of Canadian companies in armed protection of unpopular exploration or development and the results of environmental spills such as at the OMAI mine in Guyana. Any implication of Canadian companies' involvement in armed responses to protesters will heighten the issue of respect for human rights, a high priority for Canadian foreign policy in the region.

Within Canada, the Whitehorse Mining Initiative was viewed as a very positive step, but it raised expectations which have been disappointed for some groups. In particular, the harmonization of environmental regulations has been perceived by NGOs and communities as weakening regulations. Furthermore, government cutbacks for monitoring and enforcing regulations are viewed very negatively. This criticism is not motivated by ideological or political considerations. It represents an underlying fear on the part of communities and workers who understand the potential effects of spills or lack of enforcement of regulations. A legacy of real problems with spills, tailings, safety and ineffectual reclamation has raised community awareness and anxiety. As psychologists are aware, "free floating anxiety" has a tendency to galvanize around symbols and events. We can anticipate that in the future there will be other incidents of an occupational or environmental safety nature. In the present emotional climate of economic insecurity, it is likely that the reaction will be much stronger than in the past.

Several international NGOs will be mounting mining campaigns in the next year. Project Underground, the Rainforest Action Network and several indigenous groups plan to launch a consumer boycott of gold in 1998 to coincide with the 150th Anniversary of the California Gold Rush. Although they will focus on the USA (the largest consumer of gold) and jewellery, they are expected to include Canadian companies and executives within their campaigns. Gold is Canada's highest value mineral export (worth $4.8 billion in 1996). Two "mainstream" environmental groups, Friends of the Earth International and World Wildlife Fund are also planning major mining campaigns, although the details are not yet public. These campaigns are coming at the same time that civil society organizations are gaining greater strength throughout LA and Asia. While such confrontations are an inevitable part of the process of social change and power redistribution, it will be important to find ways to keep channels of communication open between all the key stakeholders so as to avoid conflicts becoming violent.

For different reasons the industry is also mounting campaigns. In the context of a slump in gold prices, the Globe and Mail recently reported that the World Gold Council has mounted a campaign to stop central banks from dumping their gold holdings and to influence the new European Bank to hold at least ten percent of its reserves in gold.

Environmental issues are also driving the agenda. An assessment of the status of current or closed and abandoned mines in both Latin America and Canada suggests that a number of old mines need remediation. The lack of action and money to remediate closed and abandoned mines is a major problem throughout the hemisphere. In general, the longer the clean up is left, the worse the environmental degradation and the greater the cost. This issue and these sites are likely to become the focus of increased attention in the proposed campaigns. The lack of action - or even commitment to plans for a clean up campaign will leave governments, provincial and federal, (environment and natural resource departments) and companies vulnerable to attack in the media and other fora.

Options

What are the options?

To continue on our present course:

There are a number of good initiatives underway through CIDA, IDRC, progressive companies, NGOs, colleges and universities, government departments at the federal and provincial levels, unions and industry associations. One of the results of the series of meetings sponsored by IISD, IDRC and the Centre for Foreign Policy Development has been an increased awareness of the issues and sharing of information about activities currently underway. Although few people recognized the potential difficulties of the growing polarization in its many forms, neither were many people aware of all of the positive activities underway.

To continue on the present course would be to rely on each company, community, government

department or industry association, to respond to campaigns or events (accidents, spills) on its own. While this may work for issues which are straightforward or circumscribed in nature, it is unlikely to work for complex issues. Also, there would be little synergy between efforts at both prevention and response. Given Canada's experience with the sealing, asbestos, fur, and timber boycotts, this seems a risky, if not a foolish, option. Business as usual was not a viable option in the opinion of any of those with whom these issues were discussed.

To develop a broader strategy and communications network within which individual initiatives gain synergy:

Considerable discussion took place during the roundtable about the idea of creating a "coalition of the willing" - those who are willing to work together with the objective of improving mining practices in the Americas. Reservations were expressed about the concept of best practises and about the willingness or ability of industry associations to sanction poor performance, yet there was a general interest in working with individual companies, departments and NGOs and to become proactive on this issue. Strong reservations were expressed about exporting the "WMI" into cultures or contexts where it was inappropriate, yet there was a recognition of the importance of working together with all of the stakeholders. There was recognition that some NGOs (in both the North and South) were unwilling to work with companies. Participants at two of the three roundtables expressed considerable interest in developing an umbrella strategy and virtually all participants expressed support for creating a communications network. The common feeling was that any efforts must result in concrete actions, not in more discussions or papers.

The concept of holding a two day workshop for developing a strategy and setting an agenda for actions was suggested in Vancouver. Anticipating a dialogue among about 50 stakeholders from Canada and Latin America, it would start with a core group of actors willing to move and would not attempt to be 100% inclusive nor to work by consensus.

It is recognized that the prices of metals, in particular of gold, have fallen dramatically in the past six months. Companies are laying off employees. The market cycle will strongly influence company attitudes toward and involvement in any initiative undertaken. Some companies are in shock or retreat. For others, this downturn has provided an opportunity for reflection on longer term strategies. Government departments - including provincial governments - have cut back enormously, and see an advantage in a partnership with the progressive companies and NGOs. While some NGOs and individual consultants are interested in contributing to the development of an umbrella strategy and later concrete actions, they indicate that they will need fees and expenses in order to do so.

The idea of building an umbrella strategy and encouraging the progressives from all sectors to take concrete steps and share their learning as they go is a reasonably modest undertaking. Through the use of the Internet the number of face to face meetings needed would be minimized.

There is talk of Canada hosting a large International Mines Conference in the year 2000. We are

also hosting the OAS General Assembly in the year 2000. Our goal ought to be to have clear examples of progress and positive results to share. If we do nothing we may face strong criticism in the year 2000.

Finally, it is important to keep in mind that mining will take place somewhere in the world to satisfy the global demand for minerals and metals. The question is where, by whom, and under what conditions. The importance of the minerals and metals sector to the Canadian economy was $24.4 Billion in 1996. The upstream part of the industry employed 86,000 people and the downstream part employed another 350,000. Resource development and environmental protection are seen as a major component of our national image. Allowing our assets and investment in this sector to be devalued is a very high risk.

Next Steps and Recommendation

It is recommended that further work be done to develop a proactive umbrella strategy and action agenda for improving mining in the Americas, involving a small coalition of key stakeholders in Canada and Latin America. The next step towards this end would be to convene a 2 day workshop with up to 50 of the key actors (the willing progressives) to develop a strategy and outline a communication and action agenda. Post workshop activities would be furthered through electronic networking among those participating.

It is recommended that a broadly based communications network be established to highlight issues, identify and share good ideas and practices and encourage dialogue and learning between sectors. In this regard, IDRC and IISD are jointly developing a web site which would connect other initiatives via"hot"links.

Finally, it is also recommended that activity related to this strategy should continue to be closely linked to Canadian Foreign Policy, to IDRC's Mining Policy Research Initiative, the Centres of Excellence proposal and to CIDA and NRCan's efforts on Safe Use and the Sustainable Development Policy.

Appendix: Responses to the Questionnaire

Concerns

"Please list the top three concerns which you feel should be addressed regarding mining and sustainable development in the Americas (including Canada)."

The following concerns were mentioned most frequently and are grouped together under social, economic, governance and environmental topics:

Social concerns dominated the responses from industry, government and NGOs. They included:

- communities: engagement of communities; capacity building; meaningful consultation and participation; empowerment in negotiations; education
- social/health impacts of mining (should be net gain, considered negative now)
- communications need to be open and direct (community to community)
- indigenous peoples (their rights to occupy, use and own land, relationship with companies and exploration companies)

Economic concerns included:

- Sharing of the benefits of mineral development with the local communities and region
- Poverty eradication
- Ensuring optimal domestic value added
- Post operation sustainability
- Environmental and financial liabilities

Governance concerns included:

- efficient and effective (standardized) policy and regulatory frameworks
- corporate governance;
- voluntary commitments

Environmental concerns included:

- protection of the environment (biodiversity, forests, water, ecosystems)
- establishing common set of standards at the highest levels
- concern for Junior companies' lack of capacity re: environmental protection
- pollution (emissions to air, water), especially from small mines

Other general concerns included:

- safe use and recycling
- need for research on mining and SD
- improved risk assessment and risk management

Foreign Policy

"Please list the top 3 foreign policy issues which you feel should have priority regarding mining and sustainable development."

With regard to the question of Foreign Policy issues, respondents commented on the need for the behaviour and performance (environmental and social conduct) of Canadian companies (governments and NGOs) to reflect positively on Canada. This was an overall context for specific comments.

Governance and Capacity

- need to oppose corruption
- capacity building of communities and of governments to regulate and monitor
- need for transparency and justice in negotiations and operations
- importance of not involving the military in mining issues
- sanctions needed for violations of environmental and social standards
- need to establish universal regulations and standards (some said realistic, others said the highest standards)
- need to give support for the recognition of community and workers rights

Economic Issues

- importance of not using foreign aid money or subsidies from the Canadian public to promote Canadian mining interests abroad
- importance of promoting Canadian environmental industries
- issues related to technology development and transfer (fair terms)
- tax incentives need to be used to promote equity, social and environmental well being

Environmental issues were discussed mostly in relation to regulations and standards.

- pressure of capital mobility forcing environmental and health standards downward.

Canadian presence

- need for sensitivity to cultural and environmental diversity when considering exporting any Canadian models (laws, regulations, the WMI etc.)
- need not to transfer hazardous processes from North to South
- need to be modest, implement at home and learn from other countries and companies

Note: Participants were asked to return one questionnaire per group. Responses were received from 22 out of 34 groups - a 65% return rate.

48 participants from 34 groups attended the meeting. The groups included: 11 non-governmental organizations, 7 government departments, 8 companies and associations, 7 research and policy groups and one international financial institution.